

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION
Before the Commissioner of Financial and Insurance Regulation

In the matter of

XXXXX

Petitioner

File No. 90377-001-SF

v

Magellan Behavioral Health of Michigan, Inc.
Respondent

Issued and entered
This 9th day of September 2008
by Ken Ross
Commissioner

ORDER

I
PROCEDURAL BACKGROUND

On June 13, 2008, XXXXX, authorized representative of XXXXX (Petitioner), filed a request for external review with the Commissioner of Financial and Insurance Regulation under Public Act No. 495 of 2006, MCL 550.1951 *et seq.* The Commissioner reviewed the request and accepted it on June 20, 2008.

Under Section 2(2) of Act 495, MCL 550.1952(2), the Commissioner conducts this external review as though the Petitioner was a covered person under the Patient's Right to Independent Review Act, MCL 550.1901 *et seq.*

The Commissioner notified Magellan Behavioral Health of Michigan Inc. (Magellan), of the external review and requested the information used in making its adverse determination. The Commissioner received Magellan's response on June 23, 2008.

The Petitioner is enrolled for health care coverage through the State of Michigan health plan, a self-funded group. Magellan administers the mental health benefits for this plan. The issue

in this external review can be decided by a contractual analysis. The contract involved here is the State of Michigan *Mental Health and Substance Abuse Information Guide* (the guide), the document that describes the Petitioner's coverage. The Commissioner reviews contractual issues pursuant to MCL 550.1911(7). This matter does not require a medical opinion from an independent review organization.

II FACTUAL BACKGROUND

From January 30, 2008, through April 1, 2008, the Petitioner received inpatient residential psychiatric care XXXXX Hospital (XXXXX) in XXXXX. The amount charged was \$42,656.00. Magellan denied any payment for this care.

The Petitioner appealed Magellan's denial. Magellan held a managerial-level conference on May 13, 2008, and issued a final adverse determination dated May 15, 2008.

III ISSUE

Is Magellan required to pay for the Petitioner's psychiatric residential care at XXXXX from January 30, 2008, until April 1, 2008?

IV ANALYSIS

Petitioner's Argument

The Petitioner was under treatment for depression and anorexia nervosa. By the end of 2007 she was restricting her eating to under 100 calories daily and was also running several miles a day. Her physician reported that her heart rate was dangerously low. It was clear to her providers that she had relapsed in terms of her eating disorder and hospitalization was necessary for her physical well being.

The Petitioner was admitted to the psychiatric residential care program at XXXXX on January 30, 2008. At that time her medical condition was stable. She was having some dizziness which was treated with Gatorade. While in the residential program she was sent to the hospital for

IV fluids which corrected her vital signs. While at the residential program at XXXXX the Petitioner was under constant medical monitoring, medication, intermittent feeding tube and counseling.

The Petitioner believes that her care at XXXXX was medically necessary and a covered mental benefit. She requests that Magellan be required to pay for this care.

Magellan's Argument

Magellan says that while the level of care provided to the Petitioner at XXXX may have been medically necessary, psychiatric residential treatment is not a covered benefit under the State of Michigan health plan – psychiatric residential treatment is not listed in the benefits that are described on page 18 of the guide.

Magellan says that in the case management section of the guide (pages 13 and 14) it indicates that mental health services in a residential care facility may be covered when authorized by Magellan. However, in this case, residential treatment was not authorized by Magellan for the Petitioner under the case management program. According to Magellan, this fact was communicated to the Petitioner by a care manager on December 28, 2007, who explained the difference between acute care and residential care.

Magellan argues that it is not required to cover the Petitioner's care at XXXXX since psychiatric residential treatment is not a covered benefit and it was not authorized under its case management program.

Commissioner's Review

The mental health care provided to the Petitioner at XXXXX from January 30 until April 1, 2008, was residential in nature. No information was provided that showed the care was anything other than residential care. The guide, which sets forth the mental health and substance abuse care provided under the State health plan, does not include psychiatric residential care as a covered benefit. It does list "residential care facility" as a service that may be covered under case management. However, case management care must be authorized by Magellan.

In the Petitioner's case, Magellan indicated that it did not authorize any residential care as the appropriate setting for the Petitioner, and communicated this to the Petitioner on December 28, 2007, before her admission at XXXXX. Therefore, the Petitioner was on notice that her care at XXXXX was not a covered benefit under the State health plan and Magellan was not going to cover it.

The Commissioner finds that Magellan is not required to pay for the Petitioner's psychiatric residential care at XXXXX since it is not a routine covered benefit under the State of Michigan health plan and was not authorized by Magellan's case management system.

**V
ORDER**

Magellan's final adverse determination of May 15, 2008, is upheld.

This is a final decision of an administrative agency. Any person aggrieved by this Order may seek judicial review no later than 60 days from the date of this Order in the circuit court for the county where the covered person resides or in the circuit court of Ingham County. See MCL 550.1915(1), made applicable by MCL 550.1952(2).

A copy of the petition for judicial review should be sent to the Commissioner of Financial and Insurance Regulation, Health Plans Division, Post Office Box 30220, Lansing, MI 48909-7720.